

Message Text

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TO SECSTATE WASHDC 9582

INFO AMEMBASSY STOCKHOLM

UNCLAS SECTION 1 OF 2 HELSINKI 0178

STOCKHOLM FOR TRADE CENTER

E.O. 11652: N/A

TAGS: BEXP, AFSP, FI

SUBJECT: COUNTRY COMMERCIAL PROGRAM - FY 1977

REF: 75 STATE A-7369, 75 HELSINKI 349

1. FOLLOWING IS PROPOSED SECTION I, II, AND III OF FY-77 CCP. SECTION I HAS BEEN REWRITTEN FROM HELSINKI 349 TO REFLECT CURRENT PERCEPTION OF FY-77 ECONOMIC SITUATION. SECTION II (PERSONNEL) REMAINS SAME AS FOR FY-76, INCLUDING NAMES OF INCUMBENTS OF CCAG, AND E/C SECTION. SECTION III HAS BEEN REWRITTEN FROM HELSINKI 349 TO REFLECT NEW FORMAT, WITH THE ONLY MAJOR CHANGE IN PRIORITY LISTING OF CAMPAIGNS AND NON-CAMPAIGN ACTIVITIES.

2. SECTION I: 1.1 FY-77 IS EXPECTED TO BE A POOR YEAR FOR THE FINNISH ECONOMY, ALTHOUGH AN IMPROVEMENT OVER THE CORRESPONDING FY-76 PERIOD. ZERO GROWTH IS PROJECTED FOR CY-76, AND A NEGATIVE LEVEL IS POSSIBLE, AS THE ECONOMY FINALLY ABSORBS THE DEFERRED IMPACT OF THE SUBSTANTIAL INCREASE IN ENERGY COSTS, THE RECESSION IN THE INDUSTRIAL MARKETS, AND INTERNAL DISEQUILIBRIA. THE OFFICIAL MEASURES TO REDUCE THE DOUBLE-DIGIT INFLATION OF THE PAST TWO YEARS, TO REDUCE THE MASSIVE TRADE DEFICIT, AND TO MANAGE THE ACCUMULATED DEBT, WILL DAMPEN DOMESTIC DEMAND, SEVERELY CURTAIL INVESTMENT IN PLANT AND EQUIPMENT TO VIRTUALLY THE MINIMUM REPLACEMENT LEVEL, AND RETARD GROWTH IN IMPORTS.

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ECONOMIC STAGNATION AND OFFICIAL RESTRICTIONS SHOULD PREVAIL

IN THE FIRST HALF OF FY-77, WITH A REVIVAL OF ECONOMIC ACTIVITY, STARTING IN THE MAJOR EXPORT-ORIENTED SECTORS, PAPER, METALS AND CHEMICALS, DEVELOPING IN THE SECOND HALF OF THE FISCAL YEAR. US PRODUCTS, PARTICULARLY PRODUCER GOODS, ARE COMPETITIVE, ESPECIALLY AT CURRENT INTERNATIONAL EXCHANGE RATES, AND PRODUCER GOODS SHOULD SUFFER LESS THAN CONSUMER GOODS DURING THIS PERIOD. THE POTENTIAL DOES EXIST THAT FINNISH TARIFF AGREEMENTS WITH EC, EFTA, AND VARIOUS CEMA COUNTRIES, WHICH PUT US PRODUCTS AT A DISADVANTAGE IN TARIFFS, COULD AFFECT OUR COMPETITIVE POSITION. FOREIGN CURRENCY LICENSING, INCREASINGLY BEING USED IN LIEU OF DIRECT RESTRICTIONS ON THE TRADE ACCOUNT AND LIKELY TO BECOME MORE PREVALENT IN THE NEXT YEAR OR TWO, IS A POTENTIAL WEAPON FOR DISCRIMINATION, BUT NO INEQUITABLE TREATMENT OF US GOODS HAS YET BEEN OBSERVED.

3. 1.2: THE EMBASSY CONSIDERS THE MAJOR US COMMERCIAL OBJECTIVE TO BE EXPANSION OF THE US TRADE RELATIONSHIP WITH FINLAND, WHICH INCLUDES EXPANDING OUR MARKET SHARE, EXPANDING THE VOLUME OF US EXPORTS, AND ENCOURAGING CONTINUED FINNISH TRADE RELATIONSHIPS WITH THE INTERNATIONAL MARKET-PLACE, TO COUNTER THE EMPHASIS ON BILATERAL EASTERN TRADE ADVOCATED BY THE FINNISH LEFT. BECAUSE OF THE ECONOMIC SITUATION, PROMOTIONAL EFFORTS SHOULD BE CONCENTRATED ON THOSE INDUSTRIES WHICH PRODUCE FOR EXPORT, AND THUS HAVE PREFERRED ACCESS TO SCARCE HARD CURRENCY RESOURCES. PROMOTION OF FINNISH INVESTMENT IN THE US, AND ASSISTANCE TO US BUSINESSMEN SEEKING RAW MATERIAL SUPPLY IN FINLAND ARE ADDITIONAL OBJECTIVES.

4. 1.3: THE CCP CAMPAIGNS SHOULD INCREASE THE UNITED STATES SHARE OF THE MARKET IN KEY SECTORS IN WHICH FINLAND NEEDS SOPHISTICATED EQUIPMENT TO BE COMPETITIVE IN THE INTERNATIONAL ECONOMY. THE PRIMARY NON-CAMPAIGN ACTIVITY, SUPPORT FOR THE STOCKHOLM TRADE CENTER, IS DESIGNED TO ENHANCE THE ROLE OF THE TRADE CENTER AS AN INDICATION OF US INTEREST IN THE NORDIC MARKET, AND TO FACILITATE COMMERCIAL CONTACTS.

5. SECTION II: IDENTICAL TO FY-76.

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6. SECTION III: (PROGRAMMED ACTIVITIES) CAMPAIGN I: ENERGY SYSTEMS (PRIORITY 1); CAMPAIGN II: FOOD PROCESSING (PRIORITY 2); CAMPAIGN III: PROCESS CONTROL INSTRUMENTATION (PRIORITY 3); CAMPAIGN IV: PAPER AND PULP INDUSTRY (PRIORITY 5). NON-CAMPAIGN ACTIVITIES ARE: SUPPORT TO THE UNITED STATES TRADE CENTER FOR SCANDINAVIA (PRIORITY 4); PROMOTION OF BUSINESS AND TOURIST TRAVEL TO THE UNITED

STATES (PRIORITY 6); PROMOTION OF UNITED STATES PRESENCE
AT FINNISH TRADE FAIRS (PRIORITY 7).

7. ENERGY SYSTEMS (CAMPAIGN I, PRIORITY 1).

MANAGER: FRANS CARREGUI

JUSTIFICATION: THE GENERAL AND PARTICULARLY TRANSMISSION
OF ENERGY IS A MAJOR CONCERN OF FINLAND, WITH COAL, OIL AND
NUCLEAR FUELS ALL BEING USED. A MAJOR STUDY OF ELECTRIC
ENERGY SYSTEMS, CONDUCTED BY FSL FRANS CARREGUI INDICATED
THAT MANY US PRODUCTS ARE HIGHLY COMPETITIVE. IN ADDITION,
THE PLANNED EXHIBITION AT THE STOCKHOLM TRADE CENTER IN FALL
1976 WILL PROVIDE THE IDEAL OPENING FOR A SUSTAINED CAMPAIGN.

HIGHLIGHTS: MARKET RESEARCH ON ELECTRIC ENERGY SYSTEMS
AND GENERAL ENERGY SYSTEMS HAVE BEEN COMPLETED. THE STC
EXHIBITION WITH AN EMBASSY-ORGANIZED RECEPTION WILL HIGHLIGHT
THE PROGRAM FOR KEY FINNISH GOVERNMENT AND INDUSTRY
PERSONNEL. FOLLOW-UP WORK WILL BE DONE WITH AGENTS OF US
FIRMS, PARTICULARLY THOSE APPOINTED DURING THE STC EVENT.

8. FOOD PROCESSING AND PACKAGING (CAMPAIGN 2, PRIORITY 2)

MANAGER: EDWARD J. MARCOTT

JUSTIFICATION: IN ADDITION TO BEING A US DEPARTMENT OF COMMERCE
TARGET INDUSTRY FOR FY-77, FOOD PROCESSING AND PACKAGING IS AN
IMPORTANT AND GROWING SECTOR IN FINLAND, WITH EXPORT POTENTIAL.
THE FY-77 CAMPAIGN WILL BUILD UPON THE FY-76 CAMPAIGN,
AND WILL BE CONCENTRATED ON THE FIRST HALF OF THE FISCAL
YEAR.

HIGHLIGHTS: THE APRIL 1976 STC EXHIBITION WILL CLIMAX THE
FY-76 CAMPAIGN, AND WILL SERVE AS THE LEAD IN TO PROMOTION
OF THE TWO FBP SHOWS, FOOD AND DAIRY EXPOSITION '76, IN
ATLANTIC CITY, AND PACKAGING WEEK IN CHICAGO, BOTH IN
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ACTION COME-00

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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9583

INFO AMEMBASSY STOCKHOLM

UNCLAS SECTION 2 OF 2 HELSINKI 0178

STOCKHOLM FOR TRADE CENTER

9. PROCESS CONTROL INSTRUMENTS (CAMPAIGN 3, PRIORITY 3)

MANAGER: EDWARD J. MARCOTT

JUSTIFICATION: THIS IS A MAJOR LINE OF EQUIPMENT IN DEMAND IN FINLAND, AND CUTS ACROSS SEVERAL TARGET INDUSTRIES, INCLUDING THE PAPER AND PULP. THE CHRONIC SHORTAGE OF SKILLED LABOR, AND THE NECESSITY FOR EFFICIENT PRODUCTIVE CAPACITY MAKES FINNISH INDUSTRY RECEPTIVE TO NEW DEVELOPMENTS IN PROCESS CONTROL. THIS CAMPAIGN CAN BE LINKED TO STC AND US EVENTS.

HIGHLIGHTS: THE STC COMPUTER EXHIBITION IN FEBRUARY 1977 WILL BE THE FOCAL POINT OF THIS CAMPAIGN. A LINKAGE WITH AN APPROPRIATE FBP EVENT IN THE US OR A CATALOG SHOW OR TECHNICAL SEMINAR WOULD BE DESIRABLE. IN ADDITION, PROMOTION OF THE US PRODUCTS IN THE HELSINKI INTERNATIONAL TECHNICAL TRADE FAIR, WITH PERHAPS A US PRESENCE, IS DESIRABLE.

10. PAPER AND PULP (CAMPAIGN 4, PRIORITY 5)

MANAGER: JOHN LEFGREN

JUSTIFICATION: THE WOOD PROCESSING INDUSTRY IS THE MAJOR EXPORT INDUSTRY OF FINLAND AND ACCOUNTS FOR NEARLY 25 PERCENT OF GDP. FINLAND MUST KEEP ITS INDUSTRY TECHNOLOGICALLY ADVANCED, AND NEEDS BOTH PROCESS CONTROL AND POLLUTION CONTROL INSTRUMENTATION. THE RELATIVE LOW RANKING OF THIS CRUCIAL SECTOR REFLECTS THE ALREADY STRONG TIES BETWEEN THE UNCLASSIFIED

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US AND FINNISH INDUSTRIES, AS WELL AS THE OVERLAP OF THE PROCESS CONTROL CAMPAIGN.

HIGHLIGHTS: THE PLANNED STC OFF-SITE EXHIBITION IN OCTOBER 1976 WILL BE THE FOCAL POINT OF THE CAMPAIGN, WITH PARTICIPATION OF APPROPRIATE US COMPANIES OR THEIR PRODUCTS AT THE HELSINKI INTERNATIONAL TECHNICAL TRADE FAIR IN FALL 1977 AS THE FINAL ELEMENT IN THE CAMPAIGN.

11. SUPPORT TO STC (NON-CAMPAIGN, PRIORITY 4): THE STC IS THE MAJOR EXHIBITION PLACE OF US PRODUCTS FOR FINNISH BUSINESSMEN. A SUCCESSFUL OFF-SITE EXHIBIT WILL CAP THE PROMOTION EFFORTS OF THE PAST SEVERAL YEARS TO SOLIDIFY THIS IDENTIFICATION OF THE STC. THE STC ALSO IS THE BEST INDICATION OF US COMMERCIAL INTEREST IN THE NORDIC REGION, INCLUDING FINLAND. IN ADDITION, THE PROMOTIONAL AND FOLLOW-UP ACTIVITIES ASSOCIATED WITH STC EVENTS PROVIDE A USEFUL FRAMEWORK FOR TOP-RELATED AND OTHER REGULAR CONTACT ACTIVITIES. THE TIME INVOLVED DURING THE YEAR MAKES THIS VERY MUCH A CAMPAIGN LEVEL ACTIVITY.

12. PROMOTE BUSINESS TRAVEL TO THE US AND TOURISM (NON-CAMPAIGN, PRIORITY 6): LACK OF SUITABLE PROMOTIONAL MATERIALS AND OTHER SUPPORT FROM USTS, FOR WHICH FINLAND IS NOT A MAJOR MARKET, LIMITS THE POSSIBILITIES OF A MAJOR TRAVEL CAMPAIGN. HOWEVER, LOCAL AGENCIES ARE INTERESTED IN PROMOTING BUSINESS TRAVEL TO THE UNITED STATES, AS PART OF THE FOREIGN BUYER PROGRAM AND FOR OTHER EXHIBITS OR REASONS. THE COMMERCIAL OFFICE PROVIDES MATERIALS, AND MAKES PROMOTIONAL EFFORTS AND OFFERS ASSISTANCE WITH ARRANGEMENTS IN THE US. IN VIEW OF THE MULTIPLE RETURNS, AND THE AVAILABILITY OF USEFUL MATERIALS, PROMOTION OF BUSINESS TRAVEL SHOULD HAVE PRIORITY OVER TOURISM PROMOTION, WHICH IS BEING STRONGLY EMPHASIZED AT PRESENT BY THE NATIONAL AIR CARRIER FINNAIR OY.

13. US PRESENCE (NON-CAMPAIGN, PRIORITY 7): IN ADDITION TO THE PLANNED STC OFF-SITE EXHIBIT, THE COMMERCIAL OFFICE BELIEVES SOME FORM OF US PRESENCE AT THE MAJOR FINNISH TRADE FAIR, THE HELSINKI INTERNATIONAL TECHNICAL TRADE FAIR (ANNUAL IN SEPTEMBER OR OCTOBER) IS NECESSARY. UNTIL A FORMAL USDOC OR INDUSTRY BOOTH CAN BE ESTABLISHED, IT IS UNCLASSIFIED

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PLANNED TO WORK WITH THE MAJOR AGENTS OF US PRODUCTS (MANY OF WHICH ARE EXHIBITED AT THE FAIR) TO PUT SOME EMPHASIS ON THE US LABEL. DURING FY-77 THE EFFORTS WOULD POINT TOWARD THE FALL '77 FAIR, STRESSING MACHINERY AND PROCESS CONTROL EQUIPMENT, SO THESE EFFORTS WOULD LINK UP WITH THE PROCESS CONTROL CAMPAIGN, AND TO A DEGREE WITH THE ENERGY SYSTEMS AND PAPER AND PULP CAMPAIGNS.
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